

She's back! Kerry Gregory of Gemmology Rocks turns her spotlight away from coloured stones and on to diamonds, with some invaluable buying tips.

Know Your Stuff

While diamonds can seem relatively simple in comparison to coloured gemstones, with their standard grading system and numerous price guides available, the reality is that identifying, valuing and buying diamonds is incredibly complex.

It's so much more than knowing the four Cs and reading a price guide. You need to understand the nuances within the four Cs that can have an impact on diamond value, and also how you can get the best out of your relationship with your diamond dealer. Here we are only discussing natural diamonds in the 'white' (D-Z colour) range; we're not looking at fancy colours, treated diamonds or the minefield that is man-made diamonds.

Not all labs are created equal...

While I am not a fan of 'trading in paper' - I much prefer to look at stones in person and use my professional judgement - consumers as well as trade are increasingly buying diamonds from 'certificates'. However, the laminated bits of paper that accompany diamonds issued by laboratories are not in fact certificates, they are reports. Why am I being pedantic? Aside from the fact it is an integral part of my nature, it is because it makes a difference. A certificate is a statement of fact, a report is an opinion. The facts on a diamond report are limited to the identity, shape and facet arrangement, weight and measurements, while the colour, clarity, cut grade and fluorescence are all opinions.

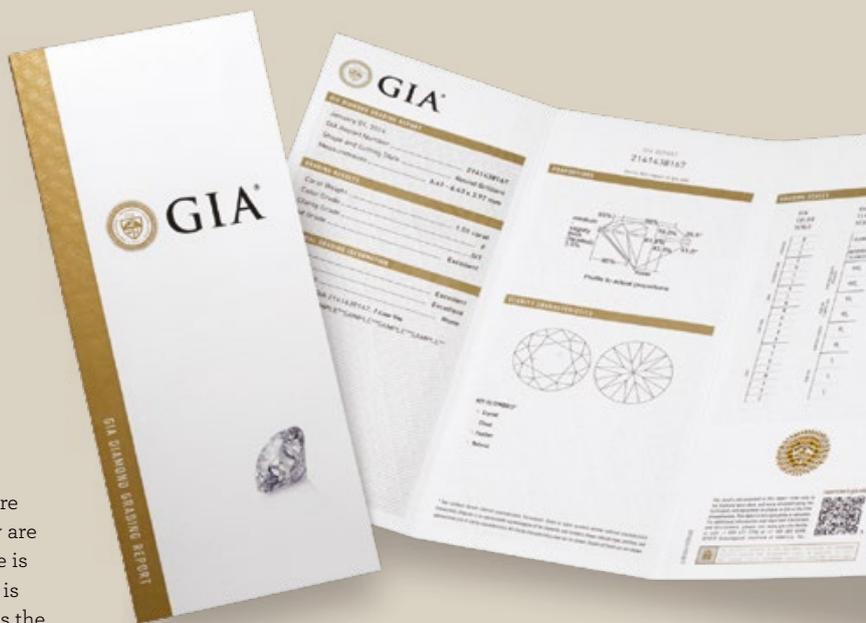


It is now common practice in the trade to grade diamonds by the standards set by Robert M. Shipley, who founded GIA in the 1930s. GIA still dominates the diamond grading market, and within the trade it is easier to sell a diamond with a GIA report than any other. When looking at asking prices on Rapnet, diamonds with a GIA report have an asking price around 20 per cent higher than those with other reports. Generally GIA is also the laboratory that consumers are aware of. There are many diamond grading laboratories operating worldwide, and some are trusted in the trade more than others, some are widely known to inflate or overstate grades, so be careful whose report you trust. While diamond grading is an opinion, major reputable laboratories rarely disagree by more than a single grade, and usually only with borderline stones.

...even the same grades are not equal!

Which brings me onto my next point; diamond colour grades are not like a Dulux colour chart, they are not a single colour - they are a range. So a diamond graded at the top end of the colour grade is whiter than a diamond at the bottom of that range, so in reality is worth more. The same with clarity, and certainly in lower grades the range of inclusions you can get in one grade is quite broad. A top I1 clarity stone may just have one single white inclusion that is visible with the naked eye, a stone at the bottom may have multiple black inclusions, so will be less attractive, harder to sell, and worth less.

In recent years fluorescence has started to have a much bigger impact on the price of diamonds. When I started out 20 years ago, you might pay about 10 per cent less for a high colour stone with medium to strong fluorescence, because it can make the stone appear milky, and conversely you might have paid a bit more for a yellow stone that had blue fluorescence, because the blue can mask yellow tones, making the stone appear whiter. Now, many consumers are educated about fluorescence and the market generally devalues all strongly fluorescent stones due to a poorer demand. I also strongly advise you to check diamonds yourself for fluorescence using a LW UV lamp; never simply rely on what the report says. I learnt a hard lesson with that one years ago - a £30k plus refund on a reported diamond from a reputable lab that claimed no fluorescence when in fact it was fairly strong. I have never not checked since!



Cut is not just a shape

Diamond's beauty comes not from colour, but from the way it interacts with light, creating a beautiful sparkle and fire. They only do this at their best if they are cut to the right angles and proportions. A poorly cut diamond can appear lifeless regardless of how high the colour or clarity grade is. On the other hand a beautifully cut diamond of lower grades can look stunning if it reflects and disperses light the right way. It is so important to take cut quality into account when assessing a diamond, and one of the reasons it is better to view a diamond in person. A stone with an excellent polish, symmetry and proportions, termed a 'triple x' will trade far higher than a stone with lower cut grades.

Weight is not just a number

Somehow over the years a 1.00ct diamond seems to have taken on an almost iconic status. We buy diamonds by the weight, per carat, one fifth of a gram. But we have these 'magic numbers' where the price can jump massively just for tipping over a weight range. A 0.99ct diamond will cost you around 26 per cent less than a 1.00ct diamond despite weighing only one per cent less! Due to the demand for a perfect one carat stone, you will also pay less for one that weighs a little more. Which is why many retailers now sell 'minimum guaranteed weight' diamonds rather than a stated weight - another way of buying cheaper diamonds, or parcels of diamonds, while satisfying consumer demand.

Doing the deal

As with coloured stones a good relationship with your diamond dealer is key to getting good advice, good stones and a good price. There is much competition in the diamond market with such visibility of price due to price guides and trading platforms, so margins for diamond dealers can sometimes be low; often tougher than margins on colour. As always time is money, so be prepared, know what you want, your budget and what a realistic price is.

If you have stones on app from your dealer, keep in touch, let them know the state of the deal, firstly so they are not chasing you and secondly so they know you are serious about the business. Always pay your bills, on time. If for some reason you are having an issue, pick up the phone; communicating is really essential. If you have a good relationship, generally they will be happy to work with you to help. Demand is high for good quality stones, you will not get a 'deal' on a stone everyone wants.

In conclusion, my advice is: know your stuff, know the market, know what your competitors are doing. Make sure you know more than your customers, and if they come to you saying they have found the 'same stone' cheaper elsewhere, make sure they truly are comparing diamonds like for like. Educate them about value factors, and if it is one of the rare occasions where they are getting the same for less money, don't bother getting into a trading war over paper, it is not worth it, you will only erode your own margin. Let others chase the 'cheap' business; concentrate on delivering quality service, value and experience.